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Expanding Farm-to-Chef Sales in Your Market Area – Lessons from Columbia County, NY

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Marketing of farm products to local restaurants is currently seen as a prime opportunity for increased farm sales and broadened consumer exposure to local farming operations. However, the success of farm-to-chef (F2C) marketing depends on a variety of factors, including the development of purchasing specifications, delivery commitments, and a sufficient level of interpersonal communication and management skills to facilitate information exchange. To investigate these issues, we conducted a F2C marketing study during the summer of 2009 in Columbia County, NY to evaluate the performance of existing efforts and the potential for the expanded utilization. Data were collected from agricultural producers, chef/restaurant owners, and restaurant patrons.

Identification of Barriers to Growth

Farmers and restaurants were asked to identify what barriers exist to expanding utilization of the F2C channel. The summarized results are in Table 1. Several consistent themes were revealed from both parties.

Table 1. Barriers Limiting F2C Sales Expansion, by Percent of Respondents.

Restaurant Barriers Identified (N=11)	%	Farmer Barriers Identified (N=25)	%
• Don't have time to contact several farmers.	75%	• Can sell all that I produce now.	52%
• Unsure of consistency of products delivered.	75%	• Satisfied with existing markets, don't need more.	40%
• Unsure of quality of products delivered.	50%	• Don't have time to make several stops/small sales.	40%
• Volume can't be satisfied with local producers.	50%	• Would have to hire someone to deliver.	28%
• Farmers have poor communication skills.	25%	• Unsure if can get adequately paid to deliver.	16%
• Prices too high.	25%	• Restaurants aren't interested, too far away.	16%
• Farmers don't offer delivery.	13%	• Variance in quantities and limited product ranges.	4%

LIMITED TIME issues are very important; neither party has the time to deal with numerous buyers/sellers with smaller quantities.

VOLUME REQUIREMENTS can be problematic. For restaurants, local producers are often not able to commit to sufficiently large volumes over an extended period of time. For farmers, production is oftentimes already at capacity and significant investments in capital and/or labor would be required to meet larger demands. In addition, farmers are often faced with quantity demands that vary throughout the season, an issue not easily addressed with existing production schedules, or only a limited range of products is requested.

PRICE AGREEMENTS can be problematic. Restaurants feel that prices requested are generally too high relative to the costs they can pass through to their customers, while farmers are generally resistant to offer prices lower than through other channels and/or are concerned that delivery costs are not sufficiently accounted for when prices are set.

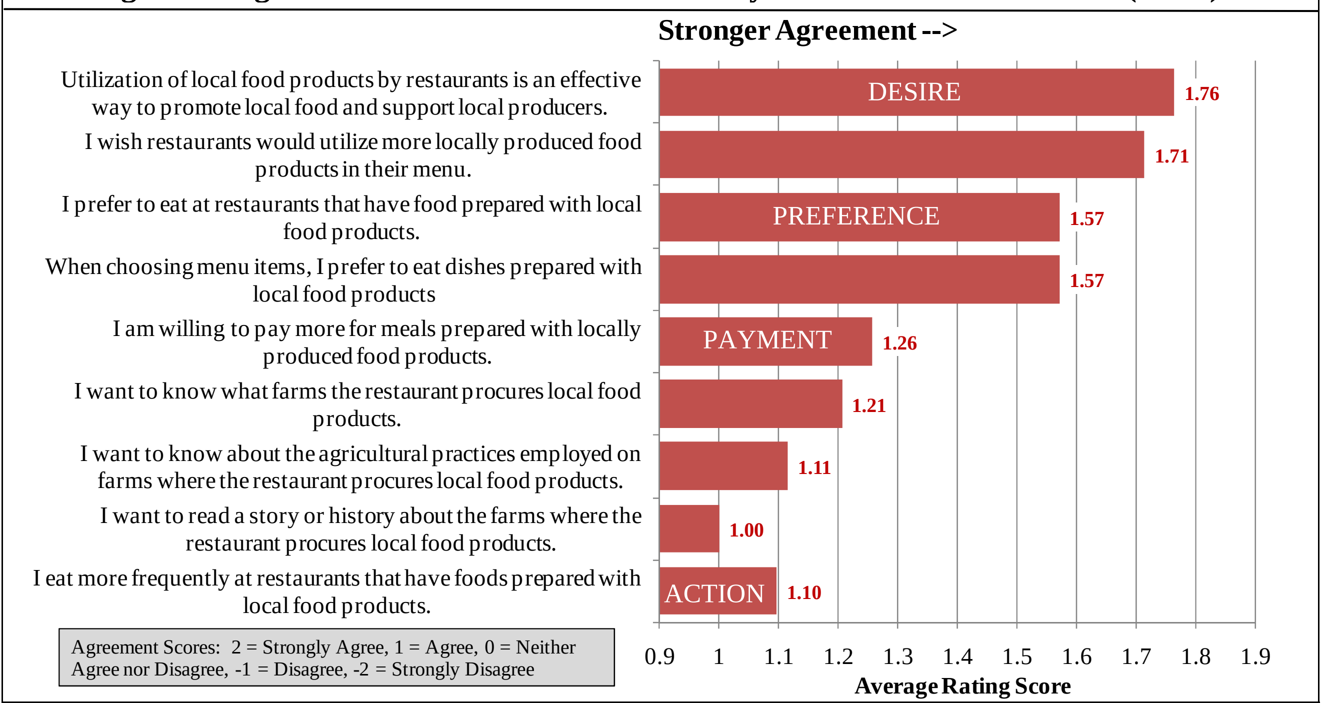
UNIQUE BARRIERS were also observed. For restaurants, assurances of quality and consistency of products over time is deficient and, oftentimes, farmers have poor communication skills making purchasing arrangements difficult to establish and enforce. Farmers often stated that they were satisfied with existing markets and feel that restaurants are not interested in buying local or are too far away to make it feasible. While these issues are numerous and not always easy to address, careful attention to them is required when developing strategies to increase channel utilization.

Consumer Valuation versus Action

Patrons were asked how strongly they agreed with a variety of statements (Figure 1). Based on the rankings, several important sentiments are apparent. First, the top two statements emphasize the strong desire by consumers to see more local products utilized in restaurants. However, average agreement scores drop nearly 11% when customer's particular preferences are considered. Furthermore, customers are less in agreement when it comes to paying a premium for meals prepared with local ingredients; the average agreement score drops an additional 20%. Customers were also relatively resistant to changing restaurants they frequent based on the presence of meals prepared with local ingredients. Specifically, the average agreement score on whether patrons eat more frequently at restaurants that serve meals prepared with local food ingredients drops an additional 13% and over 30% based on their scores considering preferences alone.

The results highlight that how restaurants publicize their use of local ingredients and price their products can be very important to the success and utilization of local products. Demand is strongly influenced by prices; therefore, assigning appropriate price premiums to menu items will be highly dependent on a restaurant's clientele.

Figure 1. Agreement of local foods statements by consumers at restaurants (N=35).



Moving Forward

The estimated volume of sales by farmers through direct purchase arrangements with restaurants was shown to be relatively low, but on net, farmers were expecting growth in the F2C channel. Participating restaurants also saw potential for growth, even though a relatively strong proportion of ingredients were already being purchased locally. That said, F2C is not the only local game in town with restaurants utilizing alternative local sources to procure food product ingredients.

For farmers, the conditions of limited sales volumes through restaurant channels, more modest prices, and already constrained time commitments oftentimes closes the door on channel expansion. Restaurants, on the other hand, appear ready to buy more if they can get it, but time constraints restricts the number of farmers restaurants are able to deal with to get the quantity and variety of products they desire. In addition, improved communication skills of farmers are needed to better facilitate that exchange, and provide continual updates on product availability and timing. On the product side, consistent quantities and qualities are needed for restaurants to commit long-term.

Cooperative marketing strategies and purchasing arrangements by groups of farmers and/or restaurants can be considered for addressing many of these issues. The existence of collaborative organizations such as Columbia County Bounty and others have been shown to improve the potential for success. However, many markets are highly specialized and spatially unique. As such, addressing barriers to channel expansion is often necessary on a case by case basis.

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